

**MINUTES
OF THE JOINT MEETING OF THE
EDINA CITY COUNCIL AND THE
EDINA HOUSING AND REDEVELOPMENT AUTHORITY
HELD AT CITY HALL
MARCH 16, 1998 - 7:00 p.m.**

ROLLCALL Answering rollcall were Commissioners/Members Faust, Hovland, Kelly, Maetzold and Chairman/Mayor Smith.

CONSENT AGENDA ITEMS APPROVED Motion made by Commissioner/Member Maetzold and seconded by Commissioner/Member Hovland to approve and adopt the Consent Agenda items as presented.

Rollcall:

Ayes: Faust, Hovland, Kelly, Maetzold, Smith

Motion carried.

***MINUTES OF THE HRA MEETING OF MARCH 2, 1998, APPROVED** Motion made by Commissioner Maetzold and seconded by Commissioner Hovland approving the Minutes of the Regular HRA Meeting of March 2, 1998.

Motion carried on rollcall vote - five ayes.

ASSIGNMENT OF OPTION APPROVED - LOT 1, BLOCK 1, SOUTH EDINA DEVELOPMENT 4TH ADDITION Executive Director Hughes explained that the Council considered and ultimately approved the Final Development Plan Approval for Phase 3 and 4 of the office component of Centennial Lakes earlier. The Phase 3 office building site is proposed to be conveyed to Analysts International Corporation who will occupy nearly all of the floor area. Analysts International is a Minnesota Corporation currently headquartered in Edina.

Under the terms of the Redevelopment Agreement between the HRA and South Edina Development Corporation (United Properties) the HRA must consent to this Assignment. Director Hughes added under the terms of the Assignment Agreement, Analysts International will assume the ongoing obligations imposed on the property by the Redevelopment Agreement. All financial obligations, including the payment for land releases and the payment of park fees due the City, will be paid at the time of closing. The only ongoing financial obligations of Analysts International to the City will be the payment of installments of special assessments which may be due against the property and the payment of monthly park maintenance fees which are required of all property owners in Centennial Lakes.

Staff sees no reason why the HRA should not consent to this Assignment.

Chair Smith asked for information about Analysts International. Executive Director Hughes said he received their 1997 Annual Report and their latest filing with the Securities and Exchange Commission. They are a publicly traded company headquartered in Edina. They have field offices in 32 cities with a staff of slightly over 5,000 employees. 1997 revenues for Analysts were 439 million dollars with net income of over 16 million dollars. They have 22 million shares of outstanding stock with

shareholder equity of about 73 million dollars. They propose to finance the construction from cash and unsecured debt.

Commissioner Maetzold inquired whether United Properties has pledged or arranged for bonding that Analysts International should be responsible for when the title transfers. Executive Director Hughes said financial issues relating to the City would be satisfied at closing or at the beginning of the project. Occurring at the time of closing are the transfer of land, any outstanding payment for land, collection of park land dedication fees, as well as execution of the Assignment of Option. Also at closing, the City receives security in the form of an assessment agreement where the owner of the building guarantees the properties' worth and agrees not to contest taxes on that worth until the bonds are repaid. The only thing surviving on a go-forward basis are things like easement agreements and covenant agreements. The only real financial issue in the future is the ongoing obligation to pay monthly park maintenance fees to the City. No on-going bond obligations exist other than the assessment agreement that United Properties would be transferring to Analysts. The City is, in essence, made whole at the beginning of the transaction even though the ownership is being assigned to someone else.

Commissioner Maetzold said as new owners, when titles are transferred and before construction begins, we are dependent upon the owners' financial strength to complete the project. If something were to happen to the company, we could have a problem in completing the project. Executive Director Hughes said the comfort is the assessment agreement is being signed at the beginning of the project guaranteeing the property is worth "X" in value whether or not there is a building there. Analysts makes a commitment to make sure a building is built because they are going to pay taxes based on that planned building.

Chair Smith asked where we are today. Executive Director Hughes said today we are relying on a good developer, but one whose buildings could be of a speculative nature as opposed to one that is owner/occupied. He believes that security is strengthened now, with such a solid entity.

Motion made by Commissioner Maetzold authorizing the execution of the Assignment of Option for Lot 1, Block 1, South Edina Development 4th Addition.

Commissioner Faust seconded the motion.

Rollcall:

Ayes: Faust, Hovland, Kelly, Maetzold, Smith

Motion carried.

There being no further business on the HRA Agenda, Chairman Smith declared the meeting adjourned.

Executive Director